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2011 SEP 30 P 3: 58

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Arizona Corporation Commission

DOCKETED

September 30, 2011

SEP 30 2011

Commissioner Sandra D. Kennedy
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

DOCKETED BY *ROS*

Re: Arizona Public Service Company 2012 RES Implementation Plan
Docket No. E-01345A-11-0264

Dear Commissioner Kennedy,

In your letter of September 2, 2011, you expressed a desire to discuss and review Arizona Public Service Company's (APS or the Company) proposed expansion of the Schools and Government Program as included in the APS 2012 Renewable Energy Standard (RES) Implementation Plan currently pending before the Commission. You listed several specific issues related to that expansion that you wished to be included in such a discussion. In this letter, APS provides a written explanation of the Company's proposed program, and provides additional information and clarification in those areas you identified.

Review of the APS 2011 Schools and Government Program. It may be helpful to briefly review the Company's currently approved program as a backdrop for the changes in the program APS is proposing for 2012 and beyond. As you are aware, the Company's most recent rate case settlement agreement required APS to develop new programs to provide on-site solar energy for both schools and governmental institutions.¹ The main goal of these programs was to eliminate or substantially reduce up-front costs for these customer segments to obtain solar energy.

The Commission approved the Schools and Government Program in Decision Nos. 72022 (December 10, 2010) and 72174 (February 11, 2011). As required in the Settlement Agreement, the Company must achieve 50,000 MWh of either solar energy consumption or conventional energy offset for publically funded kindergarten through 12th grade (K-12) school facilities by January 31, 2014. The portion of the program dedicated to governmental facilities is designed to include an additional 12,000 MWh of consumption or offset. For the three-year program period, these MWh targets translate into approximately 40 MW of solar resources.

Three solar technologies are available to those customers participating in the program: photovoltaic systems, solar thermal projects (generally for water or space heating), and solar daylighting.

¹ See Exhibit A to Decision No. 71448 (Settlement Agreement), Sections 15.5 and 15.6.

For each of these technology types, the program provides incentives and financing options from which the customer may choose, based on individual financial circumstances and other needs.

In order to eliminate up-front costs, customers wishing to install PV systems or solar thermal projects may choose between two incentive options:

- Third-Party Ownership. Under this option, the customer contracts with a third-party PV system owner to lease a system. APS purchases Renewable Energy Credits (RECs) for compliance purposes from the system owner through a production-based incentive (PBI) contract over the life of the system.² The customer benefits from the energy generated by the system, and the incentive is passed through to the customer through lower monthly lease costs from the third-party system owner.
- Utility Ownership. Schools and government customers may choose to allow APS to own the PV system placed on their facility and connect the system directly to the Company's distribution grid. The customer is billed under a program-specific rate schedule³ which mirrors the benefits of a customer-owned system by setting a rate for the solar energy which does not increase for a 20 year period, thereby creating a hedge against rate increases. Utility ownership is limited to:
 - 25% of the program capacity allocated to schools;
 - Economically challenged schools (as determined by specific criteria)⁴; and
 - Schools located in rural areas.

Schools must also demonstrate that they have obtained a competitive third-party proposal for a PV system. APS contracts for purchase and installation of these systems through a competitive Request For Proposal (RFP).

Customers wishing to install solar daylighting at no up-front cost may take advantage of local bank financing through the Company's partnership with the National Bank of Arizona. In addition, solar daylighting is eligible for up-front incentives (UFIs) based on expected kWh savings, and bonus incentives if the project meets certain incentive levels.⁵

² PBI contracts allow a third-party system owner to collect incentive payments based on the actual production of the renewable resource. These incentive payments are made to the third-party owner annually over the contract term, which may be 15 or 20 years. Once a PBI contract is signed, APS is committed to pay the incentive for the remainder of the contract.

³ Rate Rider Schedule RSSP, Rural Schools Solar Program (Rate RSSP), effective April 1, 2011.

⁴ Each school application is ranked using the Project Ranking Matrix, developed in collaboration with the Arizona Schools Facilities Board and designed to ensure that solar energy is available to school districts with historically limited access to APS distributed energy programs.

⁵ Additionally, any participating customer installing a PV system during the first year of the program will be reimbursed up to \$30,000 for the cost of a solar daylight system. This deployment is aimed at increasing awareness of solar daylighting.

The following table outlines the capacity allocations for the currently approved Schools and Government Program. This capacity will be phased in over the three-year program period.

Table 1. Current Schools and Government Program Approved Capacity Allocations

	Current Schools and Government Program	School Facilities		Government Facilities (all Third-Party Owned)
		Third-Party Owned	APS Owned	
PV Projects	32 MW	19 MW	8 MW	5 MW
Other Projects	8 MW	5 MW	0 MW	3 MW
Total Program	40 MW	24 MW	8 MW	8 MW

The overall three-year program budget (2011 through 2013) for the currently approved Schools and Government Program is \$20.9 million. However, it is important to note that although the resources installed under this program will be in service by the end of January 2014, APS continues to pay incentives to third-party system owners through the remainder of the PBI contract. As shown in Table 2, the program lifetime PBI commitment is expected to approach \$93 million dollars.

Table 2. Current Schools and Government Program Lifetime PBI Commitments

	Schools and Government Third-Party Owned Systems	2011 Expected PBI Commitments (2011 Program)	2012 Expected PBI Commitments (2011 Program)	2013 Budgeted PBI Commitments (2011 Program)	TOTAL Schools and Government Expected PBI Commitments
PV Projects	24 MW	\$21.5 Million	\$64.5 Million	\$0	\$86 Million
Other Projects	8 MW	\$5.5 Million	\$1.3 Million	\$0	\$6.8 Million
Total Program	32 MW	\$27 Million	\$65.8 Million	\$0	\$92.8 Million

As can be seen from Table 2, APS expects to reserve all third-party commitments in the current Schools and Government Program before the end of calendar year 2012 in order to provide enough lead time for projects to be installed and in service by the required date of January 31, 2014.

Proposed Changes to the Schools and Government Program. APS has proposed changes to the current program in its 2012 RES Implementation Plan. These changes fall into two categories: revisions to the 2011 program based on experience during the first year of program deployment, and expansion of the utility ownership option beyond rural school districts.

APS is proposing two revisions to the current 2011 program parameters based on feedback from industry stakeholders and review of submitted applications:

- Revised Project Ranking Matrix. The Company has noted that many schools have received the same score on the matrix, making it difficult to determine the most economically challenged schools based on the criteria being used. APS believes the criteria ranges in the current matrix are too broad and are diluting the effectiveness of the matrix in providing a useful tool to rank school districts for funding allocations. To address this issue, the Company has proposed finer increments of \$2,000 between available bonding capacity per student rather than the \$4,000 increments in the current matrix, and 5% increments between lunch program participant percentages rather than the current 20% increments. The proposed revised matrix is attached to this letter as Exhibit 1.⁶
- Lower PBI Incentive Levels for PV Installations. Based on applications received from school facilities in the Company's standard non-residential PBI program, as well as the strong demand for third-party incentives in the 2011 Schools and Government Program, APS is proposing to lower the 2012 PBI level for PV projects to the originally approved incentive levels for 2013. This change would lower the 2012 incentive levels by approximately 2¢/kWh, and would allow the Company to fund more projects over the course of the three-year program.

APS is also proposing to expand the utility ownership portion of the Schools and Government Program by 25 MW over the three-year period 2012 to 2014. This proposed additional capacity allocation is over and above the 50,000 MWh requirement in the Company's Settlement Agreement. The expansion would focus on economically challenged schools (as determined by the revised Project Ranking Matrix discussed above) in all areas of the Company's service territory, not just in rural areas. Additionally, the expansion as proposed would allow governmental and municipal customers to choose utility ownership as an option for solar energy. Initial applications in the current program exceeded APS's entire allocation of 25% of program capacity for schools, as interest in the program is high and customers continue to seek cost-effective options to adopt renewable energy. As noted, prioritization will continue to be given to economically challenged schools and school districts. The Company has revised the program's rate rider schedule, Rate Schedule RSSP, to encompass this expansion. The revised schedule is attached to this letter as Exhibit B.⁷

Table 3 shows the overall program capacity allocations that would result from the proposed expansion of the Company's Schools and Government Program. As the proposed 25 MW expansion would be reserved on a first-come, first-served basis, APS cannot determine at this time how much capacity will be available for schools and how much capacity will be available for government facilities.

⁶ A red-lined version of the proposed Project Ranking Matrix has been provided as part of Attachment 1 to Exhibit A in the Company's 2012 RES Implementation Plan (Docket No. E-01345A-11-0264).

⁷ A red-lined version of proposed Rate SGSP has been provided as part of Exhibit D to the Company's 2012 RES Implementation Plan (Docket No. E-01345A-11-0264).

Table 3. Overall Schools and Government Proposed Program Capacity Allocations

	Overall Schools and Government Program Including Proposed Expansion	Third-Party Owned (2011 Program)	APS Owned	
			2011 Program	Proposed Program
PV Projects	57 MW	24 MW	8 MW	25 MW
Other Projects	8 MW	8 MW	0 MW	0 MW
Total Program	65 MW	32 MW	8 MW	25 MW

The three-year budget for the proposed 2012 Schools and Government Program is approximately \$29 million. Because no third-party owned systems are included in the proposed program expansion, there will be no additional PBI lifetime commitments over and above the current program (see Table 2).

With this background in place, APS will address the specific issues outlined in your letter.

APS's Plan to Focus on Most Needy School Districts. APS continues to believe that economically challenged schools and school districts should remain the priority of the utility ownership portion of the Schools and Government Program. The current Project Ranking Matrix evaluates each proposal received by assigning a score based on a 100-point scale, where 60% of the possible points are awarded based on district-wide bonding capacity per student as well as the number of students participating in a free or reduced-cost lunch program. As noted above, APS is proposing a change in the matrix in order to allow even more focus on the most needy school districts as determined by these benchmarks. Additionally, the Company's proposed expansion of the program continues that priority by targeting economically challenged schools in metropolitan areas of the Company's service territory.

Clarification of Cost Savings to the Schools. Under the APS ownership model, the Company works with the school and installers to design, build, own, and maintain a PV system at a particular school. The system is installed at no cost to the school and in return is given a fixed solar rate for 20 years for an amount of kWh based on the estimated production of the installed PV system. The rate is designed to generally match the kWh rate each school is currently paying for their energy charges and because it is fixed for 20 years, a portion of the school's energy charges are protected from future rate increases, creating an opportunity to save on future APS electric bills.

Specific individual school cost savings would be dependent upon many variables, including the customer's load and energy usage, the rate schedule under which the school is served, and the size and efficiency of the installed system. Upon request, APS will perform an analysis of school district or facility savings based on historical twelve month's usage data to assist the school in making an informed choice regarding participation in the program. However, it is important to note that school facilities are increasingly being used for community-based activities which take place during non-school hours, and any future changes in usage patterns at schools will necessarily impact future cost savings.

As noted earlier, under the third-party ownership model, schools will enter into a contract they negotiate with a third party who will install and own the system. The APS program will pay an incentive to the third-party owner based on the actual production of the system and the owner will charge the school a negotiated payment (typically a lease payment or a payment based on kWh production) for the energy the system produces. Any cost savings under this model are negotiated between the school district and the third party.

Changes in the GS-Schools Rate and Third-Party Incentives. APS believes there may be some confusion regarding rates for which the general population of schools in the Company's service territory are eligible, and those which apply specifically to participants in the APS Schools and Government Program. The Company's Rate Schedules GS-Schools M and GS-Schools L are Time-Of-Use (TOU) rates designed to create the best opportunities for savings to be realized by schools and their unique load characteristics. These optional TOU rates were approved by the Commission in September of 2010,⁸ and any K-12 school may be served under the rates at the customer's option regardless of whether a renewable system is in place. Schools on the GS family of rate schedules are eligible to participate in the Schools and Government Program under either the third-party ownership option or the utility ownership option.

Participants in the Schools and Government Program are currently served under Rate Rider Schedule RSSP (Rural Schools Solar Program).⁹ To accommodate the proposed utility ownership expansion, several revisions have been proposed in this rate rider. First of all, the Company proposes to change the name of the rider to Rate Rider Schools and Government Solar Program (Rate SGSP) to reflect the extension of the utility ownership option of the program to governmental facilities as well as metropolitan economically challenged schools. Additional changes in the rider are as follows:

- Rates have been changed to reflect the Company's most recent rate case and to keep the rider revenue neutral;
- Rate Schedules serving larger customers (Rate Schedules E-34 and E-35) have been added to the rider to accommodate larger government facilities;
- The application section of the rider has been divided into two parts to reflect both the original utility ownership program for rural economically challenged schools only and the proposed expansion to metropolitan economically challenged schools and all government facilities; and
- For the E-32 family of rate schedules, the methodology by which the Company determines how solar energy is applied to billed kWh has been clarified.

With regard to third-party incentives, as noted earlier, APS has proposed reducing third-party PV incentive levels for the 2012 Schools and Government Program to the levels originally proposed for 2013, based on experience gleaned from the Company's standard non-residential PBI program. Several rural, economically-challenged school districts received funding in 2011 under the Company's standard non-

⁸ Decision No. 71871 (September 1, 2010).

⁹ A "rider" schedule is a rate that is utilized to bill customers in conjunction with the customer's otherwise applicable rate schedule (often referred to as a "parent" rate). For example, a school being served under Rate Schedule GS-Schools M can also be served under Rate RSSP.

residential PBI program at an incentive level of \$0.10/kWh and lower. This illustrates that schools are able to procure funding through third parties with considerably lower incentives than those originally proposed for the 2012 PBI program year. Lowering incentive levels allows the Company to fund more projects and realize more benefits of solar energy.

Effect of 2012 Increase in Program and Effect on Sustainability of Program. While the proposed capacity expansion of the program in 2012 might be considered large in comparison with the current year's program capacity, it is not large compared to the amount of capacity funded in the general non-residential market during 2011. Schools continue to show very strong interest in solar technology, and APS believes that the proposed expansion will not prematurely slow the growth of solar on schools over the next several years. During the first three funding cycles for the Schools and Government program, APS has received applications that, if funded, would allow for the installation of over 11 MW of PV. Including the recent August 2011 funding cycle, K-12 schools account for an additional 35 MW of PV installed or reserved in the past four years under the Company's standard PBI program.

Compliance with School Procurement Procedures. Decision No. 72174 prescribes three parameters for schools to participate in the utility ownership option of the Schools and Government Program, one of which is "the school will present APS with a proposal from a third-party solar installer not affiliated with APS."¹⁰ APS believes it is the school district's responsibility to ensure compliance with state procurement procedures in regard to third-party vendor solicitations while complying with program requirements as identified by the Commission. In the Company's conversations with school districts about the program, districts have not identified any concerns with this requirement.

Use of Bonding Capacity versus Available Bonding Capacity as Selection Criteria. Decision No. 72174 also requires APS to utilize available bonding capacity to determine the ranking of economically-challenged schools within the Schools and Government Program. For schools, bonds function in a similar way as a mortgage on a home. The proceeds from bonds can only be used to finance real property that will be useful for a period of years, and schools pay debt on these bonds over many years. School districts sell bonds in specific values over a specific time period, and can issue bonds multiple times.

As you know, the Arizona legislature sets limits on the amount of bonds that can be issued by an individual school district (a school district's bonding capacity), and those limits are based on the total value of the property within a school district boundary. Districts in areas of the state with more valuable properties have higher bonding capacity than those with lower property values. This disparity has only been heightened by the recent economic turndown in the state, leaving those schools in economically disadvantaged areas without the ability to make any significant investments in either new property or modernization of existing property. In fact, the Arizona Schools Facility Board has informed APS that today, the majority of schools in the state have an available bonding capacity of only \$4,000 to \$8,000, and some districts have no available bonding capacity.

¹⁰ Decision No. 72174 at 4 (February 11, 2011).

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For these reasons, APS believes available bonding capacity is an appropriate metric to measure economic status, as the program is intended to provide an opportunity for schools without available capital to procure solar energy.

GS-Schools Tariffs not Available to Third-Party Owned Systems. As noted earlier, APS believes there may be some confusion regarding the name of the rate schedule under which customers who participate in the Schools and Government Program are served. The GS-Schools family of rate schedules is available to schools that are installing third-party owned PV systems receiving incentives under the Company's standard non-residential PBI program.

However, the program specific Rate RSSP and the proposed Rate SGSP are not available to those schools or government facilities that choose to be served through third-party ownership under the Schools and Government Program. These rate schedules are designed to be used in conjunction with the customer's otherwise applicable rate schedule (which may be any one of a number of rate schedules, including the family of GS-Schools rate schedules), and provide the participant with cost certainty for a fixed monthly kWh that is based directly on the specific PV system installed at the individual school facility. The prices in Rate RSSP and proposed Rate SGSP are designed to be equivalent to the costs the school would have incurred if the system had been owned and operated by the customer. The parameters of the rate schedules are simply not structured to be consistent with third-party owned systems.

For participants with third-party owned facilities, the contract between the school and the third-party sets forth the cost to the customer for the energy and capacity provided by the renewable facility. The third-party contract acts as a Solar Service Agreement (SSA) with the school in the same manner as an SSA applies to customers taking advantage of the Company's standard non-residential PBI program.

APS hopes that this information helps to explain and clarify the Company's Schools and Government Program both as currently approved and as proposed in the APS 2012 RES Implementation Plan. The Company looks forward to additional discussions on its proposed programs as we move forward with approval of the 2012 RES Implementation Plans.

Sincerely,

Thomas A. Loquvam

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Attachments

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Exhibit 1

Project Ranking Matrix

Category	Total Available Points	Criteria <i>Select the one that applies to your district</i>	Points	YOUR POINTS
Resource Index: <i>District-wide available bonding capacity per student¹</i> <i>*Not applicable to eligible charter schools</i>	30	Less than \$1,000 per student	30	
		\$1,001 to \$2,000 per student	25	
		\$2,001 to \$4,000 per student	20	
		\$4,001 to \$6,000 per student	15	
		\$6,001 to \$8,000 per student	10	
		Greater than \$8,000 per student	5	
Free and reduced Lunch Program Participation per School Facility: <i>Percent of students participating in the Free and Reduced Lunch Program</i>	30	95% to 100%	30	
		85% to 94%	25	
		75% to 84%	20	
		60% to 74%	15	
		40% to 59%	10	
		1% to 39%	5	
Blended Solar Technologies at Installation Location	10	PV, SDL, ST located on site	10	
		PV and SDL or ST	8	
		PV or SDL or ST	5	
<i>Below: Select all that apply</i>				
Demand Side Management Measures: <i>Level of existing implementation of energy savings measures at the qualifying facility</i>	30	Benchmarked facility or have an Energy Star Portfolio Manager	5	
		Energy Assessment (Energy Audit) has been performed	10	
		Implementation of energy conservation measures as measured by APS Solutions for Business	15	

¹ Available Class B General Obligation Debt

Exhibit 2



RATE RIDER SCHEDULE SGSP SCHOOLS AND GOVERNMENT SOLAR PROGRAM

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served. The rate schedule was approved by the Arizona Corporation Commission ("ACC") in Decision Nos. 72022, 72174, and XXXXX.

APPLICATION

This rate schedule shall apply to retail Standard Offer electric service for eligible public elementary and secondary schools (K-12), including charter schools, and eligible government customers served under rate schedules E-32 S, E-32 M, E-32 L, E-32TOU S, E-32TOU M, E-32TOU L, GS-SCHOOLS M, GS-SCHOOLS L, E-34, and E-35 or their successor rate schedules as approved by the ACC. All provisions of the customer's current applicable rate schedule will apply in addition to the charges and credits defined within this rate schedule. Rate Rider Schedule SGSP may not be used in conjunction with any of the Company's partial requirements rate schedules.

A. Rural Schools Solar Program

Eligibility shall be determined by the Company based on the following requirements:

- (1) The customer must be an economically challenged school as defined as having a per pupil available bonding capacity of \$8,000 or less and 60% or more of its students participating in free or reduced lunch program;
- (2) The customer facility must be located in a designated rural area as classified by the U.S. Census Bureau;
- (3) The customer must provide an alternate solar proposal from a third-party not affiliated with APS; and
- (4) The customer must be a participant in the Rural Schools Solar Program and therefore meet the program requirements including but not limited to (a) granting the Company an easement to install, own, operate and maintain a solar photovoltaic system on customer's premises and (b) meeting the technical requirements for the customer's premises.

The Rural Schools Solar Program will be limited to 8 MW-DC total capacity of all participating solar photovoltaic systems, on a first come first served basis, based on the order in which the applications for the program are received by the Company.

B. Schools and Government Solar Expansion Program

Eligibility for metro public elementary and secondary schools shall be determined by the Company based on the following requirements:

- (1) The customer must be an economically challenged school as defined as having a per pupil available bonding capacity of \$8,000 or less and 60% or more of its students participating in free or reduced lunch program;
- (2) The customer must provide an alternate solar proposal from a third-party not affiliated with APS; and
- (3) The customer must be a participant in the Schools and Government Solar Expansion Program and therefore meet the program requirements including but not limited to (a) granting the Company an easement to install, own, operate and maintain a solar photovoltaic system on customer's premises and (b) meeting the technical requirements for the customer's premises.

Eligible government customers shall include sites that are owned and occupied by a federal, state, or local government entity, including institutions of higher learning, as determined by the Company.

The Schools and Government Solar Expansion Program will be limited to 25 MW-AC total capacity of all participating solar photovoltaic systems, on a first come first served basis, based on the order in which the applications for the program are received by the Company.



**RATE RIDER SCHEDULE SGSP
SCHOOLS AND GOVERNMENT SOLAR PROGRAM**

TERM

The Solar Charge herein shall remain in effect for 20 years from the customer's effective date. Customers can discontinue participation in this rate schedule at any time without penalty.

SOLAR OPTIONS

The solar photovoltaic equipment size options available under this rate schedule shall be less than or equal to 350 kW-DC of nominal rated capacity for customers with a K-8 school or facilities totaling 75,000 square feet or less at the site where the solar equipment is installed. For customers with a high school or facilities totaling more than 75,000 square feet the solar equipment shall be less than or equal to 550 kW-DC.

In addition, the solar equipment capacity (kW-AC) shall not be greater than 125% of the customer's connected load (kW-AC) as determined in accordance to rate schedule EPR-6 and A.A.C. R14-2-2302, nor shall the Solar Energy be more than 100% of the customer's metered kWh for the previous 12 months. Both of these limitations shall be determined at the time of initial qualification for the rate.

DETERMINATION OF SOLAR ENERGY

The Solar Energy, which is the nominal expected monthly kWh output from the photovoltaic solar equipment over time, shall be derived by multiplying the kW-DC rating of the photovoltaic equipment by an average monthly production factor (kWh-AC per kW-DC), as determined by the Company. The monthly production factor is 90 kWh-AC per kW-DC. For billing purposes, the Solar Energy in any month shall not exceed the customer's metered kWh used in computing the monthly bill. For totalized metering service provided under Service Schedule 4, the Solar Energy shall not exceed the metered kWh from the single service entrance section where the solar facility is installed.

RATES

The customer's monthly bill shall be calculated in accordance with their current applicable rate schedule except that:

- (1) The monthly bill will include a Solar Charge, which is the Solar Energy multiplied by the per kWh charges listed below.

Applicable Retail Rate Schedule	Solar Charge per kWh
E-32 S, E-32 M, E-32 L	\$0.07665
E-32TOU S, E-32TOU M, E-32TOU L	\$0.05502
GS-SCHOOLS M, GS-SCHOOLS L	\$0.07571
E-34	\$0.04236
E-35	\$0.04128

- (2) The monthly bill will be based on the Customer's total metered usage net of the Solar Energy applied to all unbundled kWh charges and adjustments in the customer's current applicable rate schedule, where the netted kWh shall not be less than zero. The netting shall be applied as follows:

- E-32TOU S, E-32TOU M, E-32TOU L, E-35 - 50% of Solar Energy shall be netted from on-peak kWh, 50% from off-peak kWh. If the net kWh is less than zero for either the on-peak or off-peak period, the remaining kWh shall be netted from the other time period, where the netted amount shall not be less than zero.



**RATE RIDER SCHEDULE SGSP
SCHOOLS AND GOVERNMENT SOLAR PROGRAM**

RATES (cont)

- E-32 S, E-32 M, E-32 L - Solar Energy shall be netted 60% from the first tier kWh level and 40% from the second tier kWh level. If the netted kWh is less than zero for either tier the remaining kWh shall be netted against the other kWh tier, where the netted amount shall not be less than zero.
- GS-SCHOOLS M, GS-SCHOOLS L – Solar Energy shall be netted from the on-peak, shoulder-peak and off-peak kWh according to the following allocation:

Season	Time Period		
	On-Peak	Shoulder-Peak	Off-Peak
Summer Peak (Jun-Aug)	15.0%	35.0%	50.0%
Summer Shoulder (May, Sep & Oct)	15.0%	35.0%	50.0%
Winter (Nov-Apr)	20.0%	10.0%	70.0%

If the net kWh is less than zero in any period, the remaining kWh shall be applied first to the on-peak, and then the shoulder-peak, and the off-peak period if necessary, where the resulting kWh in any period shall not be less than zero.

- E-34 - Solar Energy shall be netted from the kWh level, where the resulting kWh shall not be less than zero.
- Any reductions to the monthly kWh billed under Schedule RES and Schedule EIS due to participation in green power schedules GPS-1, GPS-2, GPS-3 and Solar-3 will be capped at the customer's total metered kWh net of the Solar Energy provided in Schedule SGSP.
- The Solar Energy shall be netted against the metered kWh from the single service entrance section where the solar facility is installed and shall not be netted against metered kWh from any other metered kWh at other points of delivery at the same customer site or other sites.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Terms and Conditions of the customer's parent rate schedule. This schedule has provisions that may affect the customer's bill.